

COMMONWEALTH OF VIRGINIA  
STATE CORPORATION COMMISSION

AT RICHMOND, OCTOBER 25, 2007

2007 OCT 25 A 9:50

JOINT PETITION OF

OLD DOMINION ELECTRIC COOPERATIVE

and

COLUMBIA GAS OF VIRGINIA, INC.

For approval for Columbia Gas of Virginia, Inc.  
to Dispose of and for Old Dominion Electric  
Cooperative to Acquire a partial Ownership  
Interest in a Natural Gas Pipeline

and

CASE NO. PUE-2007-00088

APPLICATION OF

OLD DOMINION ELECTRIC COOPERATIVE

For a Certificate of Public Convenience and  
Necessity to Acquire an Ownership Interest  
in a Natural Gas Pipeline

ORDER FOR NOTICE AND COMMENT

On September 18, 2007, Old Dominion Electric Cooperative ("ODEC" or the "Cooperative") and Columbia Gas of Virginia, Inc. ("CGV" or "Columbia") (hereafter collectively referred to as the "Petitioners") filed a joint petition ("petition") in both a public and confidential version with the State Corporation Commission ("Commission"). In the petition, ODEC and Columbia request approval of a disposition by Columbia and an acquisition by ODEC, under Chapter 5 of Title 56 of the Code of Virginia (the "Code"),<sup>1</sup> of a 49.999 percent

---

<sup>1</sup> In its review of the petition under the Utility Transfers Act, Chapter 5 (§ 56-88 et seq.) of Title 56, of the Code of Virginia, the Commission must find that CGV's transfer of an interest in the pipeline to ODEC will not impair adequate service to the public at just and reasonable rates. See § 56-90 of the Code.

interest in a natural gas pipeline and related facilities ("joint facilities") that deliver natural gas to ODEC's Louisa Generation Facility located in CGV's certificated service territory in Louisa County, Virginia. In order to consummate the proposed transactions, ODEC also filed an application for a certificate of public convenience and necessity ("application"),<sup>2</sup> under § 56-265.2 of the Code, in both confidential and public versions as part of the documents accompanying the petition. ODEC's application seeks a Certificate of Public Convenience and Necessity authorizing it to acquire and possess a 49.999 percent ownership interest in the joint facilities. ODEC states in its testimony supporting the petition and application that as a utility aggregation cooperative, its primary mission is to supply low cost, reliable electric power to meet the needs of its 12 member distribution cooperatives.

Further, the Petitioners filed a confidential copy of a Transfer, Ownership and Maintenance Agreement ("TOM Agreement"), governing the operation and maintenance of the Joint Facilities, under seal, in support of the petition and application. The petition and application allege that no other party will be affected by the issuance of the certificate, that no new facilities will be constructed, that CGV's rates will not be affected if the petition and application are granted, and that ODEC will not use its interest in the joint facilities to serve natural gas customers.

According to the testimony filed in support of the petition and application, the Louisa Generation Facility is located at 3352 Klockner Road in Gordonsville, Virginia, and consists of four General Electric ("GE") Type 7EA combustion turbines and one GE Type 7FA combustion turbine. According to the petition and application, natural gas is the primary fuel for the Louisa

---

<sup>2</sup> In its review of the application under Code § 56-265.2 of the Utility Facilities Act, the Commission must find that the public convenience and necessity require the public utility to acquire the joint facilities at issue for use in public utility service before a certificate of public convenience and necessity may be issued. Any certificate required by § 56-265.2 of the Code may be issued only after an opportunity for hearing and after due notice to interested parties.

Generation Facility with fuel oil being reserved for emergencies when natural gas is unavailable. The petition and application further explain that when the Commission granted ODEC a Certificate of Public Convenience and Necessity for the Louisa Generation Facility,<sup>3</sup> ODEC owned the portion of the pipeline and facilities situated on the real property on which the Louisa Generation Facility is located. Accordingly, approximately 1,717 feet of the 23,000 foot, 16-inch natural gas lateral are located within ODEC's site boundaries at the Louisa Generation Facility and are part of the Cooperative's facilities. CGV owns the joint facilities constituting the remainder of the pipeline lateral.

Pursuant to a Construction, Operation, and Maintenance Agreement dated September 12, 2002, and an associated Service Agreement under Rate Schedule LVTS dated September 12, 2002, CGV constructed a lateral pipeline and related facilities. Currently, natural gas distribution service to the Louisa Generation Facility is being supplied by CGV through that lateral pipeline.

According to the petition, application, and supporting testimony, the joint facilities were constructed at a cost of \$4,816,968, and the Petitioners propose to transfer 49.999% of those facilities, which are valued at \$2,408,436, to ODEC. As further explained in supporting testimony, the Petitioners seek authority for the conveyance of a 49.999 percent undivided interest in approximately 22,000 feet of 16-inch steel high pressure natural gas distribution main and related facilities to ODEC. The lateral pipeline will operate at a Maximum Available Operating Pressure ("MAOP") of 1,300 pounds per square inch gauge ("psig"), and CGV will deliver natural gas to ODEC at a pressure between 435 and 485 psig.

---

<sup>3</sup> See Application of Old Dominion Electric Cooperative, For a certificate of public convenience and necessity for electric generation facilities in Louisa County, Case No. PUE-2001-00303, 2002 S.C.C. Ann. Rept. 415.

The lateral pipeline that is the subject of the captioned docket begins at the Transco point of delivery site, located at Columbia Gas Transmission Corporation's Boswell Tavern compressor station just off of Route 872 (Waldrop Road) in Louisa County and runs in a Northwest direction for approximately 12,600 feet (traversing Red Hill Road) and continues to a point wherein it turns in a Northeast direction for approximately 7,500 feet to ODEC's property located at 3352 Klockner Road, Gordonsville, Virginia. A map of the pipeline was attached as sealed Confidential attachment SHE-3 to the petition and application.

The testimony supporting the Company's petition and application advises that the remaining gross asset value on CGV's books if the transfer is approved will be \$2,408,532, and that CGV will reimburse ODEC \$603,072 of the prior payment of the tax gross-up associated with the lateral's construction costs, assuming the transfer closes in 2007.

The testimony and supporting exhibits to the petition and application assert that the proposed transfer of the joint facilities will have no impact on CGV customer rates, and that ODEC and CGV have structured the TOM Agreement and revised the LVTS Agreement to make the transfer cost neutral. According to the testimony filed with the petition and application, the net effect on ODEC's owning cost for the joint facilities, i.e., interest, depreciation, property taxes, and insurance costs, and payments to CGV over the initial term of the agreements is \$1,662,543.

Other benefits to ODEC cited in the petition and application include regular channels of communications with CGV, notification of changes to the facilities, and some protection against the reduction in pressure or capacity if new customers are supplied from the Joint Facilities. According to the testimony accompanying the petition and application, the TOM agreement

affords ODEC predictability in the cost of firm transmission of natural gas from the interstate pipeline to its Louisa Generating Facility.

NOW THE COMMISSION, upon consideration of the petition and application and the applicable law, is of the opinion and finds that the captioned matter should be docketed; notice should be given; interested persons should have the opportunity to comment and request a hearing on the petition and application; that the Commission Staff should investigate the petition and application and file a report or testimony as appropriate in this docket; and that Columbia and ODEC should have the opportunity to file a response or testimony, as appropriate, in response to the Staff's report or testimony and in response to the comments or requests for hearing of interested persons.

Accordingly, IT IS ORDERED THAT:

(1) This matter shall be docketed and assigned Case No. PUE-2007-00088.

(2) The public versions of the petition, application, testimony, and supporting exhibits shall be available for public inspection, Monday through Friday, 8:15 a.m. to 5:00 p.m., in the Document Control Center of the State Corporation Commission located on the first floor of the Tyler Building, 1300 East Main Street, Richmond, Virginia 23219. Copies of the public version of the petition and application may be downloaded from the Commission's website at <http://www.scc.virginia.gov/caseinfo.htm>, or may be obtained at no charge from ODEC's counsel James Patrick Guy, II, Esquire, and Samuel R. Brumberg, Esquire; LeClair Ryan, 4201 Dominion Boulevard, Suite 200, Glen Allen, Virginia 23060, or from Columbia's counsel, T. Borden Ellis, Senior Attorney, NiSource Corporate Services Company, 1809 Coyote Drive, Chester, Virginia 23836.

(3) On or before November 16, 2007, the Petitioners shall complete publication of the following notice to be published on one occasion as classified advertising in newspapers of general circulation within the area surrounding the route of the lateral that is the subject of the petition and application:

NOTICE TO THE PUBLIC OF A REQUEST FOR APPROVAL  
OF COLUMBIA GAS OF VIRGINIA, INC., TO DISPOSE OF  
AND FOR OLD DOMINION ELECTRIC COOPERATIVE TO  
ACQUIRE A PARTIAL OWNERSHIP INTEREST IN A  
NATURAL GAS PIPELINE AND FOR A CERTIFICATE OF  
PUBLIC CONVENIENCE AND NECESSITY FOR OLD  
DOMINION ELECTRIC COOPERATIVE TO ACQUIRE AN  
OWNERSHIP INTEREST IN A NATURAL GAS PIPELINE  
CASE NO. PUE-2007-00088

On September 18, 2007, Old Dominion Electric Cooperative ("ODEC") and Columbia Gas of Virginia, Inc. ("CGV" or "Columbia"), (hereafter collectively referred to as the "Petitioners") filed a joint petition ("petition") in both public and confidential versions with the State Corporation Commission ("Commission") under Chapter 5 of Title 56 of the Code of Virginia (the "Code"). This petition requests approval of a disposition by Columbia and an acquisition by ODEC, under Chapter 5 of Title 56 of the Code of Virginia, of a 49.999 percent interest in a natural gas pipeline and related facilities ("joint facilities") that deliver natural gas to ODEC's Louisa generation facility located in CGV's certificated service territory in Louisa County, Virginia. In order to consummate the proposed transaction, ODEC also filed an application for a Certificate of Public Convenience and Necessity, under § 56-265.2 of the Code in both confidential and public versions to acquire and possess a 49.999% ownership interest in the joint facilities. The Petitioners filed a confidential copy of a Transfer, Ownership and Maintenance Agreement ("TOM Agreement"), governing the details of the operation and maintenance of the joint facilities, under seal in support of the petition and application. The petition and application allege that no other party will be affected by the issuance of the certificate to ODEC, that no new facilities will be constructed, that CGV's rates will not be affected by the transfer of this undivided interest in the lateral, and that ODEC will not use its interest in the joint facilities to serve natural gas customers.

According to testimony filed in support of the petition and application, the Louisa Generation Facility is located at 3352 Klockner Road in Gordonsville, Virginia, and uses natural gas as the primary fuel for the Facility with fuel oil being reserved for emergencies when natural gas is unavailable. The petition and application further explain that when the Commission granted ODEC a Certificate of Public Convenience and Necessity for the Louisa Generation Facility, ODEC owned the portion of the pipeline and facilities situated in the real property on which the Louisa Generation Facility is located. Accordingly, approximately 1,717 feet of the 23,000 foot 16-inch natural gas lateral is located within the Louisa Generating facility's site boundaries and are already a part of that facility, and are not the subject of the issuance of the certificate requested in the application.

The petition and application note that the Petitioners seek authority for the transfer of a 49.999% undivided interest in approximately 22,000 feet of 16-inch steel high pressure natural gas distribution main to ODEC and that CGV will deliver natural gas to ODEC at a pressure between 435 and 485 psig ("pounds per square inch gauge").

The lateral pipeline that is the subject of the petition and application begins at the Transco point of delivery, located at Columbia Gas Transmission Corporation's Boswell Tavern compressor station just off of Route 872 (Waldrup Road) in Louisa County and runs generally in a Northwest direction for approximately 12,600 feet (traversing Red Hill Road) and continues to a point where it turns in a Northeast direction for approximately 7,500 feet to ODEC's property located at 3352 Klockner Road in Gordonsville, Virginia. A map of the pipeline was attached to the petition and application as sealed, confidential attachment SHE-3.

The testimony supporting the Company's petition and application advises that the remaining gross asset value on CGV's books after the transfer will be \$2,408,532, and that CGV will reimburse ODEC \$603,072 of the prior payment of the tax gross-up associated with the natural gas lateral's construction costs, assuming the transfer closes in 2007. These and other details concerning ODEC and Columbia's requests are set forth in the petition, application, and the supporting testimony and exhibits. Interested persons are encouraged to review these documents for the details of the proposals.

A copy of the public version of the petition and application and the Commission's Order for Notice and Comment may be made available, at no charge, by making a request in writing to counsel for ODEC, James Patrick Guy, II, Esquire, and Samuel R. Brumberg, Esquire, LeClair Ryan, P.C., 4201 Dominion Boulevard, Suite 200, Glen Allen, Virginia 23060, or making a request in writing to counsel for CGV, T. Borden Ellis, Senior Attorney, NiSource Corporate Services Company, 1809 Coyote Drive, Chester, Virginia 23836.

Copies of the public version of the petition and application are also available for public inspection at the Commission's Document Control Center, Tyler Building, First Floor, 1300 East Main Street, Richmond, Virginia 23219, Monday through Friday, 8:15 a.m. to 5:00 p.m. Unofficial copies of the public version of the petition and application and the Order for Notice and Comment may be downloaded from the Commission's website at: <http://www.scc.virginia.gov/caseinfo.htm>.

On or before December 5, 2007, any interested person may file written comments or requests for hearing on the petition and application filed by Columbia and ODEC. An original and fifteen (15) copies of all such written comments and requests for hearing must be filed with Joel H. Peck, Clerk, State Corporation Commission, c/o Document Control Center, P.O. Box 2118, Richmond, Virginia 23218-2118. Any request for hearing shall state with specificity why the issues raised in the request for hearing cannot be adequately addressed in written comments. If no sufficient request for hearing is received, the Commission may consider the petition and application based on the papers filed in the docket without convening a hearing at which oral testimony is received. Persons filing a request for hearing and expecting to participate as a respondent in any hearing that may be scheduled shall also file, on or before December 5, 2007, an original and fifteen (15) copies of a notice of participation with the Clerk of the State Corporation Commission at the address set forth above, as required by 5 VAC 5-20-80 B of the Commission's Rules of Practice and Procedure, 5 VAC 5-20-10 *et seq.* Interested persons should refer to the Commission's Order for Notice and Comment for more information on participation as a respondent.

Interested persons desiring to submit comments electronically may do so on or before December 5, 2007, by following the instructions available at the Commission's website: <http://www.scc.virginia.gov/caseinfo.htm>.



Interested persons shall refer in their comments, requests for hearing, and notices of participation to Case No. PUE-2007-00088 and shall serve a copy of these documents upon the respective counsel for ODEC and Columbia at the addresses set forth above.

Interested persons should consult the Commission's Order for Notice and Comment for further details regarding participation in this proceeding. Unofficial copies of the public versions of the petition and application, the Commission's Orders entered in this proceeding, the Commission's Rules of Practice and Procedure, as well as other information concerning the Commission and the statutes it administers, may be accessed through the Commission's Document Search Portal at <http://www.scc.virginia.gov/caseinfo.htm>,

**OLD DOMINION ELECTRIC COOPERATIVE AND  
COLUMBIA GAS OF VIRGINIA, INC.**

(4) On or before November 16, 2007, ODEC and CGV shall serve a copy of the public version of the petition and application, together with this Order, on the chairman of the board of supervisors and the county attorney of each county and on the mayor or county attorney of every city and town (or equivalent officials in counties, cities, and towns having alternate forms of government) in which the natural gas lateral that is the subject of the instant petition and application is located. Service shall be made by first-class mail or personal delivery to the customary place of business or the residence of the person served.

(5) On or before November 16, 2007, the Petitioners shall serve a copy of this Order on each landowner of record owning real property traversed by the natural gas pipeline lateral at issue in the captioned docket.

(6) On or before November 16, 2007, the Petitioners shall serve a copy of this Order on each of ODEC's twelve electric distribution cooperative members.<sup>4</sup>

(7) On or before December 14, 2007, CGV and ODEC shall file with the Clerk of the Commission proof of the notice and service required herein.

(8) On or before December 5, 2007, any interested person may submit written comments or requests for hearing on the petition and application by filing an original and fifteen (15) copies of such comments or requests with the Clerk of the State Corporation Commission, c/o Document Control Center, P.O. Box 2118, Richmond, Virginia 23218-2118. Any request for hearing shall state with specificity why the issues raised in the request for hearing cannot be adequately addressed in written comments. If no sufficient request for hearing is received, the Commission may consider the petition and application based upon the papers filed herein without convening a hearing at which oral testimony is received. Interested persons shall refer in their comments or requests for hearing to Case No. PUE-2007-00088 and shall serve a copy of such comments and requests upon counsel for ODEC and Columbia respectively at the addresses set forth in Ordering Paragraph (2) above.

(9) Interested persons desiring to submit comments electronically may do so on or before December 5, 2007, by following the instructions available at the Commission's website: <http://www.scc.virginia.gov/caseinfo.htm>.

(10) On or before December 5, 2007, any person filing a request for hearing and expecting to participate as a respondent in any hearing that may be scheduled in this matter shall

---

<sup>4</sup> The following electric distribution cooperatives are ODEC member cooperatives: A & N Electric Cooperative, BARC Electric Cooperative, Choptank Electric Cooperative, Community Electric Cooperative, Delaware Electric Cooperative, Mecklenburg Electric Cooperative, Northern Neck Electric Cooperative, Northern Virginia Electric Cooperative, Prince George Electric Cooperative, Rappahannock Electric Cooperative, Shenandoah Valley Electric Cooperative, and Southside Electric Cooperative.

file an original and fifteen (15) copies of a notice of participation as required by 5 VAC 5-20-80 B of the Commission's Rules of Practice and Procedures, 5 VAC 5-20-10 et seq. All notices of participation shall be filed with the Clerk of the State Corporation Commission at the address set forth in Ordering Paragraph (8) above. Copies of any notice of participation shall refer to Case No. PUE-2007-00088 and shall simultaneously be served on the respective counsel for CGV and ODEC at the addresses set forth in Ordering Paragraph (2) above.

(11) On or before December 12, 2007, the Staff shall investigate the proposals set out in the petition and the application and present its findings and recommendations in a report, or testimony if appropriate, filed with the Clerk of the Commission and shall promptly send a copy of such report or testimony to counsel for CGV, ODEC, and each respondent.

(12) On or before December 20, 2007, CGV and ODEC shall each file with the Clerk of the Commission at the addresses set forth in Ordering Paragraph (8) herein an original and fifteen (15) copies of any response, or testimony, if appropriate, that CGV and ODEC expect to introduce in rebuttal to the report or testimony of Staff and the comments and requests for hearing of any interested parties. On or before December 20, 2007, ODEC and CGV shall each serve a copy of such response or rebuttal testimony upon the Staff and each respondent, and upon each other.

(13) Columbia, ODEC, and each respondent shall respond to interrogatories and other data requests within seven (7) calendar days after the receipt of the same. Except as modified above, discovery shall be in accordance with Part IV of the Commission's Rules of Practice and Procedure.

AN ATTESTED COPY hereof shall be sent by the Clerk of the Commission to:  
James Patrick Guy, II, Esquire, and Samuel R. Brumberg, Esquire, LeClair Ryan, P.C.,

4201 Dominion Boulevard, Suite 200, Glen Allen, Virginia 23060; T. Borden Ellis, Senior Attorney, NiSource Corporate Services Company, 1809 Coyote Drive, Chester, Virginia 23836; C. Meade Browder, Jr., Senior Assistant Attorney General, Division of Consumer Counsel, Office of Attorney General, 900 East Main Street, 2nd Floor, Richmond, Virginia 23219; and the Commission's Office of General Counsel and Divisions of Public Utility Accounting, Energy Regulation, and Utility and Railroad Safety.